

Col. White

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SUBJECT: Tentative Detailed Description of Proposed Agency Retirement System

1. The attached detailed description of a proposed Agency Retirement System follows the format of the Kaplan Report of 1954. Comparison can be made with the 26 then-extant Federal Retirement Systems described in that report. The salient features of the present proposal are:

- (a) Restriction of coverage to true Career Employees of the Agency. [See paragraph I A, page 1 of the attached description.]
- (b) Extension of coverage to certain contract employees, for operational reasons of a long range nature. [See paragraph I B 5(b), page 1.]
- (c) The adoption of a proposal similar to one made by the Department of State (which has been cleared by the Bureau of the Budget) which would permit a retired Career Employee of the Agency to accept employment elsewhere in the Government with suspension of only part, rather than all, of his already earned annuity. [See paragraph I B 6(a), page 2.]
- (d) The application of the same principle as in (c) above to certain special contract employees who have retired after age 50 so that they may be utilized in certain operational situations of a long-range nature. [See paragraph I B 6(b), page 2.]
- (e) The adoption of the "Ellsworth Formula" - early retirement with full immediate annuity with permission of the Director at age 50 after 20 years creditable service, (military and civilian), 10 of which shall have been spent overseas, 5 of the 10 having been spent as an Agency Career Employee, with computation of annuity at straight 2%. [See paragraph II A 1, page 3.]
- (f) Involuntary retirement at any time after age 55 at the discretion of the Director with full immediate annuity. [See paragraph II A 2(a), page 3.]
- (g) Involuntary retirement at age 45 or more, with immediate limited annuity, if selected out. [See paragraph II A 2(b), page 3.]
- (h) Involuntary retirement at less than age 45 with one year severance pay in lieu of annuity, if selected out. [See paragraph II A 2(c), page 4.]
- (i) Compulsory retirement at age 60 except in special cases with full immediate annuity. [See paragraph II A 3(a), page 4.]

2. A determination will have to be made whether the Agency Retirement System should be within the Civil Service Retirement System, controlled and administered by the Civil Service Commission or whether it should be separate from the Civil Service Retirement System and administered by the Agency in the way the Department of State handles the Foreign Service Retirement System. Each method has certain advantages and disadvantages. It is also a matter of legislative strategy.

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